



WILMAR INTERNATIONAL LIMITED

(Incorporated in Singapore on 14 August 1999)
(Company Registration No. 199904785Z)

ANNOUNCEMENT

The Board of Directors of Wilmar International Limited (Company), on behalf of the Wilmar Group, is pleased to release the Wilmar Group's unaudited financial statements for the 2nd Quarter\1st Half Year 2006 ended 30 June 2006 for your kind attention

BY ORDER OF THE BOARD

Kuok Khoon Hong
Chairman and CEO

28 August 2006
Singapore

CIMB-GK Securities Pte. Ltd. was the financial adviser to the Company in relation to the acquisition of the Wilmar Group

THE WILMAR GROUP

Unaudited Financial Statements for the Second Quarter and Half Year Ended 30 June 2006

PART I: Information required for announcements of Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Results

1(a) An income statement for the Wilmar Group together with comparative statements for the corresponding period of the immediately preceding financial year.

Unaudited Profit and Loss Statement – Half Year FY2006

	Wilmar Group							
	Six months ended				Three months ended			
	30.06.2006	30.06.2005	Inc/(Dec)		30.06.2006	30.06.2005	Inc/(Dec)	
	US\$'000	US\$'000	US\$'000	%	US\$'000	US\$'000	US\$'000	%
Revenue	2,374,863	2,217,731	157,132	7.1%	1,286,684	1,198,051	88,633	7.4%
Cost of sales	(2,178,740)	(2,019,624)	159,116	7.9%	(1,188,854)	(1,072,781)	116,073	10.8%
Gross profit	196,123	198,107	(1,984)	-1.0%	97,830	125,270	(27,440)	-21.9%
Net gains/(losses) from changes in fair value of biological assets (Note)	-	-	-		-	-	-	
Other operating income	3,672	1,702	1,970	115.8%	1,592	1,159	433	37.4%
Selling and distribution costs	(118,600)	(136,512)	(17,912)	-13.1%	(59,225)	(91,538)	(32,313)	-35.3%
Administrative expenses	(14,741)	(12,379)	2,362	19.1%	(8,280)	(6,890)	1,390	20.2%
Other operating expenses	(1,956)	(1,087)	869	79.9%	(1,472)	(290)	1,182	407.6%
Profit from operations	64,498	49,831	14,667	29.4%	30,445	27,711	2,734	9.9%
Finance income	10,481	4,207	6,274	149.1%	5,445	1,875	3,570	190.4%
Finance expenses	(32,892)	(26,218)	6,674	25.5%	(16,319)	(14,883)	1,436	9.6%
Share of results of associates	25	38	(13)	34.2%	5	38	(33)	-86.8%
Profit before taxation	42,112	27,858	14,254	51.2%	19,576	14,741	4,835	32.8%
Income tax expense	(10,166)	(4,187)	5,979	142.8%	(3,863)	(1,915)	1,948	101.7%
Profit after taxation	31,946	23,671	8,275	35.0%	15,713	12,826	2,887	22.5%
Minority interests	45	(627)	672	107.2%	602	(274)	876	319.7%
Net profit for the period	31,991	23,044	8,947	38.8%	16,315	12,552	3,763	30.0%

Note: In accordance with FRS 41, biological assets should be measured at each balance sheet date at its fair value less estimated point-of-sale costs. The Company measures the fair value of biological assets at each balance sheet date.

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1(b)(i) A Balance Sheet for the Wilmar Group, together with a comparative statement as at the end of the immediately preceding financial year.

	Wilmar Group	
	30.06.2006 US\$'000	31.12.2005 US\$'000
Other receivables	5,089	6,796
Other assets	12,687	12,545
Deferred tax assets	3,818	2,634
Available-for-sale financial assets	37	38
Investment in associates	3,454	606
Plasma investments	11,889	10,727
Biological assets	159,543	154,932
Property, plant and equipment	416,379	365,811
Intangible assets	34,587	34,587
Total non-current assets	647,483	588,676
Cash and bank balances	55,586	19,512
Trade receivables	310,003	390,243
Other receivables	54,112	251,205
Inventories	310,184	288,938
Tax recoverable	10,598	8,860
Derivative financial instruments	4,593	6,958
Other assets	18,328	14,588
Total current assets	763,404	980,304
Trade payables	204,697	165,822
Other payables	48,062	61,101
Derivative financial instruments	461	414
Interest-bearing loans and borrowings	623,992	621,359
Tax payable	8,826	6,717
Total current liabilities	886,038	855,413
Other payables	80,673	317,335
Interest-bearing loans and borrowings	86,101	68,359
Deferred taxation liabilities	48,843	48,147
Total non-current liabilities	215,617	433,841
Total Net Assets	309,232	279,726
Share capital	64,377	62,585
Share premium	-	1,792
Foreign currency translation reserve	1,282	(2,278)
Revenue reserve	230,306	204,315
Minority interests	295,965	266,414
	13,267	13,312
Total Equity	309,232	279,726

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1(b)(ii) Aggregate amount of the Wilmar Group's borrowings and debt securities

	Wilmar Group			
	30.06.2006		31.12.2005	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
(a) Amount repayable in one year or less, or on demand	623,992	-	621,359	-
(b) Amount repayable after one year	86,101	-	68,359	-

Details of any Collateral

- (a) Bank term loans are secured by:
 - (i) a charge over property, plant and equipment of certain companies
 - (ii) a pledge over inventories and accounts receivables of certain companies
 - (iii) corporate guarantees from certain companies
 - (iv) personal guarantees from certain directors of certain subsidiaries
- (b) Bank term loans for Plasma investments are secured by a charge over the property, plant and equipment in companies which are involved in the Plasma investments.
- (c) Short term bank loans, trust receipts, bills discounts are secured by a charge over property, plant and equipment, fixed deposits, accounts receivables, inventories and corporate guarantee from certain companies.
- (d) Bank overdrafts are secured by property, plant and equipment, inventories, account receivables and corporate guarantees from certain companies.

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1(c) A Cash Flow Statement for the Wilmar Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Wilmar Group			
	Six months ended		Three months ended	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax but after share of results of associated companies	42,112	27,858	19,576	14,741
Adjustment for:				
Depreciation	16,496	13,729	8,069	7,415
Loss/(profit) on disposal of property, plant and equipment	(668)	10	(53)	18
Net loss on the fair value of derivative financial instruments	2,412	-	6,840	-
Foreign exchange arising from translation	2,083	1,186	591	98
Interest expense	32,892	26,218	16,320	14,884
Interest income	(10,481)	(4,207)	(5,445)	(1,875)
Share of profit of associates	(25)	(38)	(5)	(38)
Operating cash flow before working capital changes	84,821	64,756	45,893	35,243
Changes in working capital:				
Increase in inventories	(21,246)	(28,580)	(21,826)	(109,698)
Decrease/(increase) in receivables and other assets	83,265	(118,760)	(9,954)	13,657
Increase in payables	34,207	90,868	38,665	37,909
Cash generated from/(used in) operations	181,047	8,284	52,778	(22,889)
Interest paid	(24,279)	(15,249)	(12,050)	(8,865)
Interest received	10,481	4,207	5,445	1,875
Income taxes paid	(11,150)	(9,687)	(5,887)	(5,357)
Net cash generated from/(used in) operating activities	156,099	(12,445)	40,286	(35,236)
Cash flows from investing activities				
Payments for investments in subsidiaries - net cash acquired	-	(22,569)	-	(22,569)
(Increase)/decrease in plasma investments	(1,162)	701	(1,162)	681
Payments for investment in associates	(2,778)	-	(2,778)	-
Payments for biological assets	(4,063)	(4,622)	(2,994)	(4,187)
Payments for property, plant and equipment	(74,289)	(46,540)	(43,329)	(28,608)
Payments to minority shareholders for acquisition of shares in subsidiaries	-	602	-	602
Proceeds from disposal of biological assets	-	6	(78)	6
Proceeds from disposal of property, plant and equipment	3,747	171	330	77
Net cash outflow from investing activities	(78,545)	(72,251)	(50,011)	(53,998)

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1(c) A Cash Flow Statement for the Wilmar Group together with a comparative statement for the corresponding period of the immediately preceding financial year (continued).

	Wilmar Group			
	Six months ended		Three months ended	
	30.06.2006 US\$'000	30.06.2005 US\$'000	30.06.2006 US\$'000	30.06.2005 US\$'000
Cash flows from financing activities				
Increase in receivables	(647)	(6,681)	(1,896)	(6,438)
Increase in net amount due from related party corporations	(41,693)	(113,901)	(7,966)	(25,795)
Decrease in net amount due to associates	(4,220)	(3,393)	(516)	(2,856)
(Decrease)/increase in advances from minority shareholders	(438)	(8,948)	(287)	1
(Repayment of)/proceeds from bank loans	(3,821)	155,679	48,582	171,180
Repayments of finance lease liabilities	(6)	-	(4)	(15)
Increase in fixed deposits pledged with financial institutions for bank facilities	(1,754)	(7)	(1,748)	-
Interest paid	(8,858)	(10,969)	(3,573)	(6,019)
Dividends paid	(6,000)	-	(1,000)	-
Net cash (outflow)/inflow from financing activities	(67,437)	11,780	31,592	130,058
Net increase/(decrease) in cash held	10,117	(72,916)	21,867	40,824
Cash at the beginning of the financial period	(101,225)	5,825	(112,975)	(107,915)
Cash at the end of the financial period	(91,108)	(67,091)	(91,108)	(67,091)
Represented by:				
Bank and cash balances	55,586	11,911	55,586	11,911
Less: Fixed deposits pledged with financial institutions for bank facilities	(1,754)	(7)	(1,754)	(7)
Bank overdrafts	(144,940)	(78,995)	(144,940)	(78,995)
	(91,108)	(67,091)	(91,108)	(67,091)

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1(d)(i) A statement for the Wilmar Group showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

From To	Wilmar Group			
	For the period ended		For the period ended	
	01.01.2006 30.06.2006	01.01.2005 30.06.2005	01.04.2006 30.06.2006	01.04.2005 30.06.2005
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Share Capital				
Balance at beginning	62,585	62,585	64,377	62,585
Transfer from Share Premium	1,792	-	-	-
Balance at end	64,377	62,585	64,377	62,585
Share Premium				
Balance at beginning	1,792	1,792	-	1,792
Transfer to Share Capital	(1,792)	-	-	-
Balance at end	-	1,792	-	1,792
Foreign Currency Translation Reserve				
Balance at beginning	(2,278)	(140)	1,369	(140)
Net effect of exchange differences	3,560	25	(87)	25
Balance at end	1,282	(115)	1,282	(115)
Revenue Reserve				
Balance at beginning, as previously reported	204,315	153,894	214,991	164,386
Effects of adopting FRS 103	-	5,985	-	5,985
Balance at beginning, as restated	204,315	159,879	214,991	170,371
Net profit for the period	31,991	23,044	16,315	12,552
Dividends paid	(6,000)	-	(1,000)	-
Balance at end	230,306	182,923	230,306	182,923
Minority Interest				
Balance at beginning	13,312	11,503	13,869	11,856
Acquisition of subsidiaries	-	6,147	-	6,147
Net profit	(45)	627	(602)	274
Balance at end	13,267	18,277	13,267	18,277

On 30 January 2006, in accordance with the Singapore Companies (Amendment) Act 2005, the concepts of "par value" and "authorized capital" were abolished and on that date, the shares of the Wilmar Group ceased to have a par value. Accordingly, the amount standing in the share premium had become part of the Wilmar Group's share capital.

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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issues, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the Wilmar Group's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

There are changes in share capital after the completion of Proposed Acquisition and Disposal on 7 July 2006. Please refer to section 8 of "Subsequent Events after 30 June 2006".

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The financial statements presented above have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computation have been followed as in our unaudited Proforma Consolidated financial statements as at 31 December 2005 as disclosed in the Circular to Shareholders of Ezyhealth Asia Pacific Ltd dated 10 June 2006.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Wilmar Group has applied the same accounting policies in the preparation of the financial statements for the current reporting period as compared to the unaudited Proforma Consolidated financial statements as at 31 December 2005 as disclosed in the Circular to Shareholders of Ezyhealth Asia Pacific Ltd dated 10 June 2006.

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6. **Earnings per ordinary share of the Wilmar Group for the current financial period reported and for the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Wilmar Group			
	Six months ended		Three months ended	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
(a) Based on weighted average number of shares (US cents/share)	1.47	1.06	0.75	0.58
(b) Based on fully diluted basis (US cents/share)	1.47	1.06	0.75	0.58
Weighted average number of shares applicable to basic earnings per share (000)	2,176,555	2,176,555	2,176,555	2,176,555
Weighted average number of shares based on fully diluted basis (000)	2,176,555	2,176,555	2,176,555	2,176,555

The above earnings per ordinary share of the Wilmar Group have been computed based on the net profit attributable to the shareholders and assuming the enlarged share capital of 2,176,555,000 shares pursuant to the proposed acquisition.

7. **Net asset value for the Wilmar Group per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Wilmar Group	
	Period ended	
	30.06.2006	31.12.2005
Net asset value per ordinary share based on issued share capital as at end of the period (US cents/share)	14.21	12.85

The above net asset value per ordinary share of the Wilmar Group have been computed based on the total net assets and assuming the enlarged share capital of 2,176,555,000 shares pursuant to the proposed acquisition.

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8. **A review of the performance of the Wilmar Group, to the extent necessary for a reasonable understanding of the Wilmar Group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the Wilmar Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Wilmar Group during the current financial period reported on.**

Introduction

The Wilmar Group is one of Asia's largest integrated agribusiness groups and one of Asia's largest palm oil refiners, and crushers of copra and palm kernel. It is also a sizeable oil palm plantation owner with extensive palm fruit processing mills in Indonesia. The Wilmar Group is primarily involved in palm oil and related business, with an integrated business operations ranging from oil palm cultivation and milling to the refining, processing, branding, merchandising and distribution of a wide range of palm oil and lauric and related products. In addition, it is also engaged in the merchandising of non-palm oil related products such as soya beans, crude soya oil and other grains. The principal business activities of the Wilmar Group can be divided into 3 segments as below:

- (a) Merchandising and refinery
- (b) Plantations and palm oil mills; and
- (c) Others

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Profit and Loss Statements

Business Segments

Six Months Period Ended 30 June 2006

	H1FY2006		H1FY2005		Variance	
	US\$'000	%	US\$'000	%	US\$'000	%
Revenue						
- Merchandising & Refinery	2,329,365	98.1%	2,223,757	100.3%	105,608	4.7%
<i>Palm and laurics and others</i>	1,466,547	61.8%	1,345,110	60.7%	121,437	9.0%
<i>Soya bean and soya bean meal</i>	862,818	36.3%	878,647	39.6%	(15,829)	-1.8%
- Plantation and Palm Oil Mills	156,985	6.6%	115,561	5.2%	41,424	35.8%
- Others	92,431	3.9%	99,159	4.5%	(6,728)	-6.8%
Elimination	(203,918)	-8.6%	(220,746)	-10.0%	(16,828)	-7.6%
Total revenue	2,374,863	100.0%	2,217,731	100.0%	157,132	7.1%
Profit from Operations						
- Merchandising & Refinery	40,583	62.9%	37,395	75.0%	3,188	8.5%
- Plantation and Palm Oil Mills	19,680	30.5%	9,819	19.7%	9,861	100.4%
- Others	4,235	6.6%	2,617	5.3%	1,617	61.8%
Total profit from operations	64,498	100.0%	49,831	100.0%	14,666	29.4%

Three Months Period Ended 30 June 2006

	Q2FY2006		Q2FY2005		Variance	
	US\$'000	%	US\$'000	%	US\$'000	%
Revenue						
- Merchandising & Refinery	1,273,985	99.0%	1,206,734	100.7%	67,251	5.6%
<i>Palm and laurics and others</i>	795,906	61.8%	732,118	61.1%	63,788	8.7%
<i>Soya bean and soya bean meal</i>	478,079	37.2%	474,616	39.6%	3,463	0.7%
- Plantation and Palm Oil Mills	80,250	6.2%	63,804	5.3%	16,446	25.8%
- Others	43,707	3.4%	54,228	4.5%	(10,521)	-19.4%
Elimination	(111,258)	-8.6%	(126,715)	-10.5%	(15,457)	-12.2%
Total revenue	1,286,684	100.0%	1,198,051	100.0%	88,633	7.4%
Profit from Operations						
- Merchandising & Refinery	19,078	62.7%	21,193	76.5%	(2,115)	-10.0%
- Plantation and Palm Oil Mills	10,457	34.3%	5,839	21.1%	4,618	79.1%
- Others	910	3.0%	679	2.4%	231	34.0%
Total profit from operations	30,445	100.0%	27,711	100.0%	2,734	9.9%

- (1) Palm and laurics – comprises revenue from Merchandising and Refinery segment other than soya bean and soya bean meal.

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Revenue

Revenue for 1H FY2006 increased by 7.1% or US\$157.1 million to US\$2,374.9 million from US\$2,217.7 million for 1H FY2005. This is mainly attributable to a marked increase in the sales volume of Merchandising and Refinery segment for both palm and laurics and soya bean and soya bean meal, and also in the Plantation and Palm Oil Mills segment.

Revenue for Q2 FY2006 increased by 7.4% or US\$88.6 million to US\$1,286.7 million from US\$1,198.1 million for Q2 FY2005. Besides recording sales volume increase, Crude Palm Oil (CPO) prices were higher as compared to Q2 FY2005.

Revenue from Merchandising and Refinery segment

For 1H FY2006, revenue from Merchandising and Refinery segment increased by 4.7% or US\$105.6 million from US\$2,223.8 million for 1H FY2005 to US\$2,329.4 million as a result of higher palm and laurics sales which was slightly offsetted by lower soya bean and soya bean meal. Palm oil and laurics enjoyed higher sales as a direct result of higher demand for palm oil. This is reflected in increase in the sales volume from 3,319,000 metric tonne to 3,683,000 metric tonne for 1H FY2006, and the weighted average selling price also increased by 2.8% in 1H FY2006 compared to 1H FY2005.

Sales volume for soya bean and soya bean meal increased from 2,961,000 metric tonne for 1H FY2005 to 3,323,000 metric tonne for 1H FY2006 but the weighted average selling price of the soya bean and soya bean meals decreased by 12.5% in the same corresponding period, resulting in lower revenue.

Revenue for Q2 FY2006 increased by US\$67.3 million or 5.6% from US\$1,206.7 million for Q2 FY2005 to US\$1,274.0 million. The increase is mainly due to increase in sales volume of palm oil and lauric, from 1,973,000 metric tonne for Q2 FY2005 to 2,226,000 metric tonne for Q2 FY2006, and also increase in weighted average selling price by 4.9% compared to Q2 FY2005. This is in line with this year's trend on demand for palm oil.

For Q2 FY2006, revenue from soya bean and soya bean meal increased marginally with sales volume increasing from 1,558,000 metric tonne for Q2 FY2005 to 1,881,000 metric tonne for Q2 FY2006. Effect of sales volume increase was offsetted by drop in weighted average selling price of soya bean and soya bean meal by approximately 16.6% compared to the same period in FY2005.

Revenue from Plantations and Palm Oil Mills segment

Revenue from Plantations and Palm Oil Mills segment increased by US\$41.4 million or 35.8% from US\$115.6 million for 1H FY2005 to US\$157.0 million for 1H FY2006. This is mainly due to increase in production volume of fresh fruit bunches (FFB) and CPO. Production of FFB increased by 144,344 metric tonne or 44.4% to 469,780 metric tonne for 1H FY2006 from 325,436 metric tonne for 1H FY2005. Production of CPO also increased by 75,667 metric tonne or 25.6% from 295,095 metric tonne for 1H FY2005 to 370,762 metric tonne for 1H FY2006. The increase in production volume is mainly due to better crop and higher milling capacity in 1H FY2006 compared to 1H FY2005. FFB yield increased from 8.1 metric tonne per hectare for 1H FY2005 to 10.5 metric tonne per hectare.

For Q2 FY2006, revenue increased by US\$16.4 million or 25.8% from US\$63.8 million for Q2 FY2005 to US\$80.2 million. FFB yield increased from 4.8 metric tonne per hectare for Q2 FY2005 to 5.8 metric tonne per hectare resulting in higher revenue recorded.

Revenue from Others segment

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Revenue from Others decreased by 6.8% or US\$6.7 million from US\$99.1 million for 1H FY2005 to US\$92.4 million for 1H FY2006, principally due to the decrease in sales volume of 18,595 metric tonne or 4.3% partially offset by an increase in average selling price of fertilizer from 1H FY2005 to 1H FY2006. The average selling price of fertilizer increased by 9.0% in 1H FY 2006 compared to 1H FY 2005. The decrease in sales volume is mainly due to lower demand from the local market in 1H FY2006 due to some stocking up of fertilizer by end users from last year.

Revenue for Q2 FY2006 decreased by US\$10.5 million or 19.4% from US\$54.2 million for Q2 FY2005 to US\$43.7 million mainly due to decrease in sales volume by 16% compared to Q2 FY2005 because of some stocking up of fertilizer by end users from last year.

Cost of Sales

Cost of sales for 1H FY2006 increased by approximately 7.9% or US\$159.1 million to US\$2,178.7 million compared to US\$2,019.6 million for the previous corresponding 1H FY2005 which is in line with the increase in the commodity prices of palm oil and laurics.

For Q2 FY2006, cost of sales increased by approximately 10.8% or US\$116.1 million from US\$1,072.8 million for Q2 FY2005 to US\$1,188.9 million, due to increase in commodity prices of palm oil and lauric and increase in purchases done on CIF terms resulting in higher freight costs recorded as part of cost of good sold. Please refer to the commentary on "Selling and Distribution Costs".

Gross Profit

Gross profit decreased marginally by US\$2.0 million or 1.0% from US\$198.1 million for 1H FY2005 to US\$196.1 million for 1H FY2006. The Wilmar Group sells its products to customers under CIF or C&F shipment terms, such amount of freight charges and insurance costs are included as part of its revenue and the corresponding freight charges and insurance costs will form part of its selling and distribution costs. Accordingly, had the corresponding freight charges and insurance costs been included in the costs of sales, the adjusted gross profit margin would have increased from 3.8% for 1H FY2005 to 4.5% for 1H FY2006. This improvement is due to higher margins from plantation and slightly better refining margins for the 1st six months of FY 2006.

Gross profit for Q2 FY2006 decreased by US\$27.4 million or 21.9% compared to Q2 FY2005. However, the adjusted gross profit for Q2 FY2006 increased from 4.0% to 4.2% compared to Q2 FY2005 because of higher margins from plantation.

Other Operating Income

Other operating income increased by US\$2.0 million to US\$3.7 million for 1H FY2006 from US\$1.7 million for 1H FY2005. This was mainly due to gain on disposal of property, plant and equipment and an increase in transportation income.

Other operating income for Q2 FY2006 increased marginally from US\$1.2 million to US\$1.6 million in the same corresponding period a year ago.

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Selling and Distribution Costs

Selling and distribution costs decreased by US\$17.9 million or 13.1% to US\$118.6 million in 1H FY2006. This is attributable mainly due to lower recording of freight charges by US\$24.3 million under selling and distribution costs as a result of change in terms of purchase of soya beans from FOB to CIF. The related freight costs were thus recorded as part of costs sales as explained in the earlier paragraph.

The same factor explained for the reduction of selling and distribution costs by US\$32.3 million or 35.3% compared to US\$91.5 million in Q2 FY2005.

Administrative expenses

Administrative expenses increased by US\$2.4 million or 19.1% from US\$12.3 million for 1H FY2005 to US\$14.7 million for 1H FY2006 mainly due to higher staff costs as a result of increased headcount.

There was an increase of approximately US\$1.4 million or 20.2% in administrative expenses from Q2 FY2005 of US\$6.9 million to US\$8.3 million for Q2 FY2006. This is mainly due to increase in personnel expenses.

Other operating expenses increased marginally for 1H 2006 and Q2 FY2006 compared to the same corresponding period 1H FY2005 and Q2 FY2005 respectively.

Finance Income

Finance income increased by US\$6.3 million or 149.2% from US\$4.2 million for 1H FY2005 to US\$10.5 million for 1H F2006 primarily due to increase in interest charged to a related corporation by US\$5.1 million (in respect of an advance given) which was in line with higher interest rates. This advance has been settled in early July 2006.

Finance income increased from US\$1.9 million for Q2 FY2005 to US\$5.4 million for Q2 FY2006 mainly due to higher interest rate on the interest earned in respect of the advance (mentioned in previous paragraph) granted to a related corporation.

Finance Costs

Finance costs increased by US\$6.7 million or 25.5% from US\$26.2 million for 1H FY2005 to US\$32.9 million for 1H FY2006 mainly due to higher utilization banking facilities and increase in interest rates.

For Q2 FY2006, finance costs increased by US\$1.4 million or 9.6% compared to Q2 FY2005 mainly due to higher utilization of banking facilities as well as higher average interest rates in the same corresponding period..

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Profit Before Tax

Six Months Period Ended 30 June 2006

	H1FY2006		H1FY2005		Variance	
	US\$'000	%	US\$'000	%	US\$'000	%
Profit before tax						
- Merchandising & Refinery	24,318	57.8%	20,206	72.6%	4,112	20.4%
<i>Palm and laurics and others</i>	20,995	49.9%	19,466	69.9%	1,529	7.9%
<i>Soya bean and soya bean meal</i>	3,323	7.9%	740	2.7%	2,583	349.0%
- Plantation and Palm Oil Mills	15,770	37.4%	6,198	22.2%	9,572	154.5%
- Others	2,024	4.8%	1,454	5.2%	570	39.1%
Total profit before tax	42,112	100.0%	27,858	100.0%	14,254	51.2%

Three Months Period Ended 30 June 2006

	Q2FY2006		Q2FY2005		Variance	
	US\$'000	%	US\$'000	%	US\$'000	%
Profit before tax						
- Merchandising & Refinery	10,289	52.6%	10,296	69.8%	(7)	-0.1%
<i>Palm and laurics and others</i>	8,408	43.0%	9,907	67.2%	(1,499)	-15.1%
<i>Soya bean and soya bean meal</i>	1,881	9.6%	389	2.6%	1,492	383.5%
- Plantation and Palm Oil Mills	9,368	47.9%	3,986	27.0%	5,382	135.0%
- Others	(81)	-0.5%	459	3.2%	(540)	-117.6%
Total profit before tax	19,576	100.0%	14,741	100.0%	4,835	32.8%

The 1H FY2006 registered an improvement in profit before tax of 51.2% with US\$42.1 million versus US\$27.8 million a year ago due to better contribution from key business segments..

For Q2 FY2006, profit before tax increased by US\$4.8 million or 32.8% from US\$14.7 million for Q2 FY2005 to US\$19.6 million for Q2 FY2006. The main contributions to the quarter's better performance is from Plantation and Palm Oil Mills segment.

Profit Before Tax from Merchandising and Refinery segment

Profit before tax from Merchandising and Refinery segment increased by US\$4.1 million or 20.4% from US\$20.2 million for 1H FY2005 to US\$24.3 million for 1H FY2006. Our palm and laurics and others products recorded a marginal increase with profit before tax rising from US\$19.5 million for 1H FY2005 to US\$21.0 million for 1H FY2006.

Soya bean and soya bean meal recorded a profit before tax of US\$3.3 million (3,323,000 metric tonne @ US\$1.00 per metric tonne) for 1H FY2006 and US\$0.7 million (2,961,000 metric tonne @ US\$0.25 per metric tonne) for 1H FY2005.

For Q2 FY2006, profit before tax from Merchandising and Refinery segment is consistent with Q2 FY2005 with profit before tax of US\$10.3 million. Palm and lauric and others whilst still producing the bulk of the profits in the Q2 FY2006, was a shade lower by US\$1.5 million than that recorded a year ago because of lower margins.

Soya bean and soya bean meal registered a profit before tax of US\$1.9 million (1,881,000 metric tonne @ US\$1.00 per metric tonne) for Q2 FY2006 and US\$0.4 million (1,558,000 metric tonne @ US\$0.25 per metric tonne) for Q2 FY2005.

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Profit Before Tax from Plantation and Palm Oil Mills segment

Profit before tax from Plantation and Palm Oil Mills segment increased by US\$9.6 million or 154.5% from US\$6.2 million for 1H FY2005 to US\$15.8 million for 1H FY2006 because of higher yields generated for 1H FY2006 at 10.5 metric tonne per hectare when compared to 1H FY2005 at 8.1 metric tonne per hectare.

The second quarter ended FY2006 continued to reflect the consistent higher yields as compared to a year ago with Q2 FY2006's profit before tax increasing by US\$5.4 million or 135.0% from US\$4.0 million for Q2 FY2005 to US\$9.4 million for Q2 FY2006. Yield generated in Q2 FY2006 was at 5.8 metric tonne per hectare compared to Q2 FY2005's 4.8 metric tonne per hectare.

Profit Before Tax from Others

Profit before tax from Others segment increased marginally from US\$1.5 million for 1H FY2005 to US\$2.0 million for 1H FY2006 mainly due to better margin earned from fertilizer.

Profit before tax from Others segment decreased by US\$0.5 million mainly due to decrease in shipping income as a result of slight decrease in freight rates.

Income Tax

Income tax expense increased by US\$6.0 million to US\$10.2 million for 1H FY2006 from US\$4.2 million in 1H FY2005. The effective income tax rate for 1H FY2006 is thus 24.1% and 15.0% for 1H FY2005. This is mainly due to higher profits earned from plantation operations.

The effective income tax rate for Q2 FY2006 was 19.7% and 13.0% for Q2 FY2005, mainly due to plantation operations generating higher profits.

Balance Sheet and Cash Flows

Investment in associates increased by US\$2.8 million because of its 50% investment with joint venture to set up a refining plant in East Malaysia

Biological assets increased by US\$4.6 million due to development costs incurred on the plantations.

Net book value of property, plant and equipment increased by US\$50.6 million mainly due to increase in plant and machineries and construction in progress of US\$40.5 million and US\$11.1 million respectively. This increase is attributable to palm oil refineries and fractionation plants, palm kernel crushing plants, palm oil mills and fertilizer plant.

The Wilmar Group's average trade receivables days and average inventory turnover days remained constant with 31 December 2005, i.e. 28 days and 26 days respectively. However, the average trade payable days reduced to 16 days in 1H FY2006 compared to 18 days an average annualized as of 31 December 2005.

Other receivables comprise mainly advanced payments for purchase of property, plant and equipment, advances to suppliers, amount due from associates and amount due from related party corporations. The decrease by US\$197.1 million is mainly due to settlement of loans to a related party corporation at end of June 2006.

Other payables decreased by US\$249.7 million mainly due to repayment of loans to a related party corporation at end of June 2006.

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Interest-bearing loans and borrowings increased by US\$20.4 million mainly due to increase in long-term bank loans by US\$27.8 million.

The fluctuations of the balances are based on half year ended 30 June 2006 compared to year ended 31 December 2005.

Subsequent event after 30 June 2006

On 7 July 2006, Ezyhealth Asia Pacific Limited obtained an approval from the shareholders at the Extraordinary General Meeting of this Proposed Acquisition and Disposal and to announce the completion of the transaction.

On 17 July 2006, Ezyhealth Asia Pacific Limited changed its name to “Wilmar International Limited”.

On 8 August 2006, Wilmar International Limited issued new shares of 300 million ordinary shares at S\$0.80 per share which listed and quoted on the Official List of the SGX-ST Main Board.

On 18 August 2006, CIMB-GK Securities Pte. Ltd. (“CIMB-GK”), as the stabilizing manager designated in connection with the Offering, announced that it has not, either as principal or through dealers on its behalf, to date purchased any shares of Wilmar International Limited and has ceased to undertake any stabilization action. In this respect, CIMB-GK has exercised the over-allotment option granted by Wilmar International Limited in respect of 56,250,000 shares and Wilmar International Limited has issued the same total number of issued and paid-up shares.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast was previously disclosed by the Wilmar Group.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Wilmar Group operates and any known factors or events that may affect the Wilmar Group in the next reporting period and the next 12 months.

We remain optimistic on our overall business outlook going into 2H FY2006. We expect our key business divisions to benefit from Indonesia’s growth in the palm oil industry, demand growth from China and other emerging markets. In addition, the move towards bio-diesel will drive the demand for palm oil in the longer term.

Our expansion plans include increasing bio-diesel capacity and acquisition of plantation lands. For more details, please refer to SGXNET Announcement dated 28 August 2006, issued concurrently with this results announcement.

Barring any unforeseen circumstances, these structural factors and our various initiatives to tap on industry opportunities should result in volume expansion and enhanced profitability. The Wilmar Group believes that it will continue to deliver reasonable earnings growth in 2H FY2006.

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11. Dividend

(a) Current Financial Period Reported On

During the second quarter ended 30 June 2006, one of the subsidiaries of Wilmar Group paid out an interim exempt dividend of US\$1.0 million.

(b) Corresponding Period of the Immediately Preceding Financial Year

NIL

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

NIL

(d) Date Payable

Not applicable.

(e) Books Closure Date

Not applicable.

12. If no dividend has been declared or recommended, a statement to that effect.

Not applicable.

PART II: Additional information required for Full Year announcement (This part is not applicable to Q1, Q2 and Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the Wilmar Group) in the format presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the view of performance, the factors leading to any materials changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales.

Not applicable.

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- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

- 17. Interested Person Transactions**

Not applicable.

BY ORDER OF THE BOARD

KUOK KHOON HONG
CHIEF EXECUTIVE OFFICER
28 August 2006